

STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



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TO: Assessing Officials and Vendors

FROM: David Schwab, Assistant Director of Data Analysis *DVS*
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RE: Upcoming Changes to March 1, 2011 (pay-2012) Ratio Study Review Process

DATE: January 12, 2010

This memorandum is to inform assessing officials of two changes in the Department of Local Government Finance's ("Department") ratio study review process for the **2011 assessment year**. **The Department is issuing this guidance now to allow assessors time to fully prepare for the changes to take effect in 2011-pay-2012. These changes do not apply to ratio studies submitted as part of the 2010 assessment year.**

The changes are as follows:

1. Only sales marked "valid for trending" in the SALES File will be used to conduct the Department's ratio study.
2. Property data from the Workbook must match the Department's certified data for assessments to be approved.

The first change streamlines the ratio study review process by reducing the number of data files needed for the Department to monitor the annual adjustment process. The second change bolsters the integrity of the data by ensuring that key assessment data is consistent across the several data files that are submitted.

Data Used to Conduct Department Ratio Study

As required by law, the Department will conduct all ratio studies required for the annual adjustment and equalization processes. IC 6-1.1-30-14(4). Currently, the Department asks the County Assessor to submit a ratio study conducted after trending. This ratio study data was used in conjunction with the SALES file to determine whether assessments met state standards. **Beginning with March 1, 2011 assessments (pay-2012), only sales marked as "valid for trending" in the SALES data file will be used as part of the Department's ratio study.**

It is still the responsibility of the county assessor to do the annual adjustment work (e.g., developing and applying the "trending" factor(s) for all classes of property and all neighborhoods). It is also **highly recommended** that to help identify any potential problems, the county assessor conduct its own internal ratio study before submitting the assessed value information to the Department. However, **beginning**

with March 1, 2011 assessments (pay-2012), compliance with Department standards will only be determined with reference to the Department's ratio study, which will be conducted on data obtained exclusively from the SALES data file.

To prepare for this change, all assessing officials should start now to ensure the sales data contained in the SALES file is an accurate representation of those sales used to develop trending factors. If this is not the case, the Department's ratio study in 2011-pay-2012 will not be correct. Again, **beginning with the March 1, 2011 (pay 2012) assessment date, assessments will not be approved until the ratio study conducted by the Department meets state standards for all major property classes.**

Comparison of Workbook and Prior Year Certified Data

In 2009, the Department began conducting an additional data integrity check on submitted data. The check compared prior year workbook assessed values for each parcel with the certified assessed values for that year. For example, the 2009 workbook values would be compared with the certified 2009 real parcel data. **With the exception of appeals and correction of errors, these two values should be identical for each parcel.**

An analysis of the results of this data check indicates that these two values were often different for 2009 data. These differences could be due to appeals, corrections of error filed with the auditor, or data errors. **It is important that any differences be tracked and those resulting from data errors minimized to ensure that the Department's data files are up-to-date and accurate.**

In 2009, counties were not penalized for failure to comply with this check. This will remain the case for 2010. However, **beginning with the March 1, 2011 (pay 2012) assessment date, the Department will not conduct a counties' ratio study until compliance is achieved.** Data will be considered compliant if fewer than ten percent (10%) of the parcels in the workbook have different prior year total assessed values from their certified value.

Since changes may occur due to appeals or correction of errors, counties are encouraged to keep a change or appeals log and forward this log to the Department in conjunction with the workbook. Parcels noted as changed for these two reasons in the change log will not be counted as discrepancies. A sample change log will be made available for download at the Department's Web site prior to implementing this data integrity check.

Additional Training Offered by the Department

To assist assessing officials in obtaining data compliance, the Department conducted several data training sessions in 2009. These sessions described the data integrity checks performed by the Department and listed steps that assessing officials should take to achieve prompt compliance.

The Department will continue these training sessions in 2010. In addition to the current data integrity checks, these sessions will describe the two new changes outlined in this memo in greater detail to assist assessing officials with ratio study and data compliance in 2011. More information about this training will be released as details are finalized.

Questions on this memo may be directed to David Schwab, Assistant Director of Data Analysis, at dschwab@dlgf.in.gov or 317.234.5861 or Barry Wood, Director of Assessment, at bwood@dlgf.in.gov or 317.232.3762.